

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 ABF-01 IGA-01 FS-01 A-01

OPR-02 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 COME-00

TRSE-00 OMB-01 XMB-02 IO-10 /092 W
----- 003712

P R 260910Z SEP 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 5355

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

CINCPAC

C O N F I D E N T I A L VIENTIANE 5762

DEPT ALSO PASS AID

BANGKOK ALSO FOR FADPC

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, EFIN, EAID, LA, FR

SUBJ: BANKING SITUATION IN LAOS

REF: VIENTIANE 5750 AND PREVIOUS

1. IN SEPTEMBER 26 CONVERSATION, FRENCH EMBOFF BARDOLLET TOLD US THAT HE DID NOT EXPECT VIENTIANE BRANCH OF BANQUE DE L'INDOCHINE (BIC) WOULD EVER REOPEN FOR NORMAL BUSINESS. HE SAID SENIOR FRENCH PERSONNEL OF BIC WERE STILL CONFINED TO PREMISES OF BANK, AND REFERRED TO THEM AS "HOSTAGES." BARDOLLET SAID PATHET LAO AUDITORS HAD ACCUSED BIC PERSONNEL OF NOT COOPERATING WITH THE AUDIT. AUDITORS ARE DEMANDING THAT BIC PROVIDE THEM WITH INFORMATION ON PRIVATE ACCOUNTS IN FRANCE HELD BY ANY OF
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THE "TRAITORS" WHO HAVE FLED LAOS. AUDITORS WANT THESE

PRIVATE ACCOUNTS TO BE TURNED OVER TO LAO GOVERNMENT.

2. BARDOLLET SAID FRENCH GOVERNMENT WAS CONCERNED ABOUT THIS TREATMENT OF ITS CITIZENS, BUT EMBASSY UNABLE TO GET MUCH SATISFACTION FROM REGULAR PGNU OFFICIALS, WHO APPEAR TO BE WITHOUT POWER TO CHANGE SITUATION. BARDOLLET SAID FRENCH ECONOMY AND FINANCE MINISTER FOURCADE HAD BROUGHT SUBJECT UP WITH LAO FINANCE MINISTER LEUAM RAJASOMBAT WHEN LAO IMF/UNGA DELEGATION STOPPED OFF IN PARIS ON ITS WAY HOME FROM NEW YORK. BARDOLLET SAID LAO DELEGATION HAD ASKED FOR MORE AID FROM FRENCH, BUT FOURCADE HAD MADE IT PLAIN THERE WOULD BE NO NEW AID UNTIL BIC QUESTION WAS RESOLVED. HOWEVER, ACCORDING TO BARDOLLET, FOURCADE DID NOT THREATEN TO STOP CURRENT FRENCH AID AND FRENCH GOVERNMENT HAS NO PLANS TO DO SO. BARDOLLET PERSONALLY SUPPOSED FRANCE WOULD GRADUALLY REDUCE ITS AID TO LAOS IN FUTURE AND WOULD DRAW DOWN NUMBERS OF FRENCH EXPERTS (MILITARY MISSION, TEACHERS AND SO FORTH) IN LAOS.

3. BARDOLLET BELIEVES LAO GOVERNMENT WILL NATIONALIZE BIC PROPERTY IN VIENTIANE. HE THINKS OTHER FRENCH BUSINESSES IN LAOS ALSO FACE EVENTUAL NATIONALIZATION.

4. BARDOLLET SAID FRENCH EMBASSY CONTINUES TO BE ABLE TO DRAW KIP FROM ITS ACCOUNT IN THE BIC BY WRITING CHECKS ON THAT ACCOUNT AND CASHING THEM AT THE BANQUE NATIONAL DU LAOS (BNL). FRENCH DEPOSIT THEIR FEOF CONTRIBUTIONS IN BIC AND THEN USE THESE FUNDS TO PAY LOCAL COSTS OF FRENCH EMBASSY. BNL APPROVES THE CHANGING OF FRANCS INTO KIP AT THE OFFICIAL RATE. FRENCH EMBASSY ALSO HAS SMALL AMOUNT OF NON-FEOF-GENERATED FUNDS IN BIC.

5. IN SEPARATE CONVERSATION, LAO MFA OFFICIAL TOLD EMBOFF ON SEPTEMBER 25 THAT BNL GOVERNOR OUDONG SOUVANNAVONG HAD RETURNED TO VIENTIANE ON SEPTEMBER 23 FROM "SEMINAR" IN MUONG VIENGSAI (SAM NEUA). HOWEVER, OUDONG HAS NOT BEEN ALLOWED TO RETURN TO HIS OFFICE AT BNL OR TO THE OFFICIAL RESIDENCE OF THE BNL GOVERNOR.
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MFA OFFICIAL SPECULATED THAT OUDONG WOULD SOON BE REPLACED AS GOVERNOR OF BNL.
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